

NSC BRIEFING

ARGENTINA

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- I. Tuesday's declaration of a 30-day state of siege in Argentina was followed last night by reports of coup plans, some allegedly involving even Vice President Gomez.
 - A. Gomez' involvement was by no means clear but cabinet changes are probable.
 - B. Frondizi, backed by the armed forces, appears firmly in control.
- II. The aim of the state of siege was to suppress an 11-day old strike called by the Peronista-led and Communist-infiltrated oil workers' union.
 - A. Union demands cancellation of govt oil development contracts with foreign (mainly US) firms.
 - B. Other unions are threatening sympathy strikes.
 - C. Frondizi appears determined to maintain his present oil policy.
- III. According to Frondizi the strike was actually part of a larger plan by Communists and Peronists aimed at reestablishment of a dictatorship by fostering unrest and blocking steps essential for financial recovery.
- IV. Meanwhile the Communists are also clamoring for full utilization of the 27 Oct agreement covering Moscow's offer of \$100,000,000 worth of petroleum equipment on credit (2.5%, 10 years).
 - A. No firm purchases were included in the agreement.
 - B. Press reports of a \$30,000,000 purchase have not been confirmed by Argentine officials.